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EXAMINER	
PASS, NATALIE	

ART UNIT	PAPER NUMBER
3626	

DATE MAILED: 01/16/2004

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary	Application No.	Applicant(s)	
	09/648,582	ASHFORD ET AL.	
	Examiner	Art Unit	
	Natalie A. Pass	3626	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☒ Responsive to communication(s) filed on *25 August 2000 and 29 October 2003* .

2a)☐ This action is **FINAL**. 2b)☒ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) *1-30 and 55* is/are pending in the application.

4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☐ Claim(s) _____ is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☒ Claim(s) *31-54* are subject to restriction and/or election requirement.

Application Papers

9)☐ The specification is objected to by the Examiner.

10)☐ The drawing(s) filed on _____ is/are: a)☐ accepted or b)☐ objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

11)☐ The proposed drawing correction filed on _____ is: a)☐ approved b)☐ disapproved by the Examiner.

If approved, corrected drawings are required in reply to this Office action.

12)☐ The oath or declaration is objected to by the Examiner.

Priority under 35 U.S.C. §§ 119 and 120

13)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a)☐ All b)☐ Some * c)☐ None of:

1.☐ Certified copies of the priority documents have been received.

2.☐ Certified copies of the priority documents have been received in Application No. _____ .

3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

14)☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. § 119(e) (to a provisional application).

a) ☐ The translation of the foreign language provisional application has been received.

15)☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. §§ 120 and/or 121.

Attachment(s)

1) ☒ Notice of References Cited (PTO-892)
2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
3) ☐ Information Disclosure Statement(s) (PTO-1449) Paper No(s) _____ .
4) ☐ Interview Summary (PTO-413) Paper No(s). _____ .
5) ☐ Notice of Informal Patent Application (PTO-152)
6) ☐ Other: .

Notice to Applicant

1. This communication is in response to the application filed 25 August 2000 and the Response to Restriction Requirement filed 29 October 2003. Claims 1-30 and 55 are pending. Claims 1-30 and 55 have been elected without traverse. Claims 31-54 are withdrawn from further consideration by the Examiner, 37 CFR 1.142(b), as being drawn to a non-elected invention.

Claim Rejections - 35 USC § 112

2. The following is a quotation of the second paragraph of 35 U.S.C. 112:

> The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

3. Claim 9 is rejected under 35 U.S.C. 112, second paragraph, as being incomplete for omitting essential elements, such omission amounting to a gap between the elements. See MPEP § 2172.01. The omitted elements are: on lines 2-3 the claim recites, "the patient encounters an additional that creates another episode of care" omitting what additional element it is that the patient encounters. For the purpose of applying art, Examiner assumes the omitted element is an additional condition.

Claim Rejections - 35 USC §101

4. 35 U.S.C. 101 reads as follows:

> Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requires of this title.

5. Claims 1-13, 18-30 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

The basis of this rejection is set forth in a two-prong test of:

(1) whether the invention is within the technological arts; and

(2) whether the invention produces a useful, concrete, and tangible result.

For a claimed invention to be statutory, the claimed invention must be within the technological arts. Mere ideas in the abstract (i.e., abstract idea, law of nature, natural phenomena) that do not apply, involve, use, or advance the technological arts fail to promote the "progress of science and the useful arts" (i.e., the physical sciences as opposed to social sciences, for example) and therefore are found to be non-statutory subject matter. For a process claim to pass muster, the recited process must somehow apply, involve, use, or advance the technological arts.

In the present case, claims 1-13 and 18-30 only recite abstract ideas. The recited claims detailing the steps of obtaining a patient identity, associating a baseline value, summing claims and determining a monetary incentive do not apply, involve, use, or advance the technological arts since all of the recited steps can be performed in the mind of the user or by use of a pencil

and paper. These steps only constitute different parts of a method and system of providing a monetary incentive to a provider and of automatically processing claims to determine an incentive.

In this regard it should be noted that the Examiner has interpreted the word "automatically" which appears in claim 18 on line 1 in the preamble to be as defined by two English language authorities. The Merriam-Webster Dictionary defines "automatically" as follows:

1 a : largely or wholly involuntary;

b : acting or done spontaneously or unconsciously

c : done or produced as if by machine

Furthermore, synonyms listed for "automatic" in Roget's Thesaurus include the following:

1. Performed or performing automatically and impersonally: mechanical, perfunctory.

2. Acting or happening without apparent forethought, prompting, or planning: impulsive, instinctive, involuntary, reflex, spontaneous, unpremeditated.

Neither of the two quoted authorities assumes the word "automatically" to expressly include the technological arts.

The Examiner respectfully submits that whether the present claims clearly and definitely require the use of the technological arts would be dependent on supporting references within the body of the claim to a machine or computer or other form of technological device, and not the mere presence of the term "automatically".

Additionally, for a claimed invention to be statutory, the claimed invention must produce a useful, concrete, and tangible result. In the present case, the claimed invention produces a monetary incentive amount (i.e., repeatable) that can be used in providing financial incentives to providers (i.e., useful and tangible).

Although the recited process produces a useful, concrete, and tangible result, since the claimed invention, as a whole, is not within the technological arts as explained above, claims 1-13 and 18-30 are deemed to be directed to non-statutory subject matter.

Claim Rejections - 35 USC § 103

6. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the m3anner in which the invention was made.

7. Claims 1-16, 18-24, 26-28 are rejected under 35 U.S.C. 103(a) as being unpatentable over Spiro, U.S. Patent Number 5, 819, 228 in view of Bitran, et al, Provider Incentives and Productive Efficiency in Government Health Services document, September, 1992. URL: <http://www.phrplus.org/Pubs/hfsmar1.pdf>, hereinafter known as Bitran.

(A) As per claim 1, Spiro teaches a method of providing a monetary incentive to a provider responsible for treatment decisions of a patient with a condition during an episode of care comprising the steps of:

obtaining the patient identity and the condition of the patient (Spiro; see at least Abstract, Figure 1, Item 22, Figure 2, Items 22 and 24, column 2, lines 47-55, column 9, line 30 to column 10, line 11);

associating a relative value unit (reads on baseline value) related to treatment of the condition to the episode of care (Spiro; column 2, line 47 to column 3, line 30, column 7, lines 15-26);

summing a plurality of claims processed during the episode of care of the patient for the condition to obtain a total treatment cost (Spiro; column 7, lines 24-55, column 9, line 30 to column 10, line 25).

Although Spiro teaches creating financial incentives to diagnostic imaging providers to reduce inappropriate utilization and/or studies and for decreasing the number of episodes of care for a given population and minimizing expense (Spiro; column 2, lines 38-55, column 3, lines 11-21, column 8, line 36 to column 9, line 9), Spiro fails to explicitly disclose determining a monetary incentive to provide the provider if the total treatment cost is less than the baseline value.

However, the above features are well-known in the art, as evidenced by Bitran.

In particular, Bitran teaches determining a monetary incentive to provide the provider if the total treatment cost is less than the prespecified cost containment goals (reads on baseline value) (Bitran; see at least page 18, paragraph 3, page 24, paragraph 5, page 29, paragraph 2).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the method of providing a monetary incentive to a provider of Spiro to include determining a monetary incentive to provide the provider if the total treatment cost is

less than the baseline value, as taught by Bitran, with the motivations of improving the productive efficiency as well as equity and quality of care of government health services by utilizing provider incentives (Bitran; page 1, paragraph 4 to page 2, paragraph 2).

(B) As per claims 2-5, Spiro and Bitran teach a method as analyzed and disclosed in claim 1 above:

wherein the patient is associated with a health care organization such as government heath services and the step of determining determines another monetary incentive to provide to the health care organization if the total treatment cost is less than the baseline value (Bitran; page 16, paragraph 4 to page 18, paragraph 1);

wherein the health care organization is associated with a worker (reads on incentive administrator), and the step of determining determines a further monetary incentive to provide to the worker/incentive administrator if the total treatment cost is less than the baseline value (Bitran; page 13, paragraph 3 to page 15, paragraph 5);

wherein the cost savings are split between the organization or government health care organization and the health workers (reads on the monetary incentive, the another monetary incentive and the further monetary incentive are equal) (Bitran; page 16, paragraph 4, page 18, paragraph 1); and

wherein the monetary incentive, the another monetary incentive and the further monetary incentive are determined based upon the cost savings (reads on the amount that the total treatment cost is less than the baseline value) (Bitran; page 16, paragraph 4 to page 18, paragraph 1).

(C) As per claims 6-8, Spiro and Bitran teach a method as analyzed and disclosed in claim 1 above:

wherein the monetary incentive is determined based upon the difference between the total treatment cost and the baseline value, such that the greater the difference, the greater the monetary incentive (Bitran; page 16, paragraph 4 to page 18, paragraph 1);

wherein during the treatment of the patient for the condition during the episode of care the patient encounters an additional condition and the step of associating the baseline value further includes the step of adjusting the baseline value to account for the additional condition (Spiro; see at least Abstract, Figure 9, column 3, lines 1-11, column 7, lines 15-22, column 9, lines 14-61);

wherein the additional condition creates another episode of care and further including the steps of:

associating another relative value unit (reads on baseline value) related to the treatment of the additional condition, the another baseline value being adjusted to account for the condition (Spiro; Figure 9, column 2, line 47 to column 3, line 30, column 7, lines 15-26, column 9, lines 14-61);

summing another plurality of claims processed for the another episode of care of the patient for the additional condition to obtain another total treatment cost (Spiro; column 7, lines 24-55, column 9, line 30 to column 10, line 25); and

determining another monetary incentive to provide to the provider if the another total treatment cost is less than the another prespecified cost containment goals (reads on baseline value) (Bitran; see at least page 18, paragraph 3, page 24, paragraph 5, page 29, paragraph 2).

The motivations for combining the respective teachings of Spiro and Bitran are as given in the rejection of claim 1 above, and incorporated herein.

(D) As per claims 9-10, Spiro and Bitran teach a method as analyzed and disclosed in claim 1 above:

wherein during the treatment of the patient for the condition during the episode of care the patient encounters an additional condition that creates another episode of care (Spiro; see at least Abstract, Figure 9, column 3, lines 1-11, column 7, lines 15-22, column 9, lines 14-61)and further including the steps of :

associating another baseline value related to the treatment of the additional condition (Spiro; see at least Abstract, Figure 9, column 3, lines 1-11, column 7, lines 15-22, column 9, lines 14-61);

summing another plurality of claims processed for the another episode of care of the patient for the additional condition to obtain another total treatment cost (Spiro; column 7, lines 24-55, column 9, line 30 to column 10, line 25); and

determining another monetary incentive to provide to the provider if the another total treatment cost is less than the another prespecified cost containment goals (reads on baseline value) (Bitran; see at least page 18, paragraph 3, page 24, paragraph 5, page 29, paragraph 2);

wherein:the steps of identifying, associating, summing and providing are repeated for each of a plurality of different episodes of care for a respective plurality of different patients (Spiro; see at least Figures 4-7, Figure 9, column 5, lines 31-59); and

the monetary incentive is obtained in the step of providing for each episode of care in which the treatment cost is less than the baseline value, but any episode of care in which the treatment cost is greater than the baseline value is not used to reduce the incentive provided (Spiro; column 3, lines 1-11, column 7, lines 15-55, column 9, line 14 to column 10, line 25), (Bitran; see at least page 13, paragraph 3 to page 15, paragraph 5, page 16, paragraph 4 to page 18, paragraph 3, page 24, paragraph 5, page 29, paragraph 2).

The motivations for combining the respective teachings of Spiro and Bitran are as given in the rejection of claim 1 above, and incorporated herein.

(E) As per claims 11-13, Spiro and Bitran teach a method as analyzed and disclosed in claim 1 above:

further including the step of the health care organization determining a base payment to the provider exclusive of the incentive (Bitran; page 7, paragraph 3, page 13, paragraph 5 to page 14, paragraph 3, page 15, paragraphs 3-5, page 23, paragraphs 2-3);

wherein the base payment is a fee-for-service (Bitran; page 23, paragraphs 2-3); and

wherein the patient does not complete treatment during the episode of care and wherein the step of associating the baseline value further includes the step of adjusting the baseline value to account for the treatment not being completed (Spiro; Figure 9, column 2, line 47 to column 3, line 30, column 7, lines 15-26 column 9, lines 14-61).

(F) As per claims 14-16, Spiro and Bitran teach a method as analyzed and disclosed in claim 1 above:

wherein the steps of identifying, associating, summing and determining are automatically implemented using a computer system (Spiro; column 9, lines 35-67, column 11, lines 17-42);

further including the step of determining the baseline value prior to the step of associating (Spiro; see at least Abstract, column 2, line 47 to column 3, line 30, column 7, lines 15-26, column 9, lines 14-61);

where the step of determining the baseline value establishes the baseline value using a plurality of data relating to a plurality of previous episodes of care for the same condition (Spiro; column 6, lines 9-21, 41-50, column 9, line 66 to column 10, line 11).

(G) Claim 18 differs from claim 1 in that it is a method of automatically processing claims to determine an incentive rather than a method of providing a monetary incentive to a provider responsible for treatment decisions of a patient with a condition during an episode of care.

As per claim 18, Spiro and Bitran teach a method of automatically processing claims to determine an incentive comprising the steps of:

obtaining data relating to a plurality of different claims for a plurality of episodes of care relating to a plurality of conditions for a plurality of different patients during a period of time, each different claim identifying the patient to which the claim corresponds (Spiro; see at least

Abstract, Figure 1, Item 22, Figure 2, Items 22 and 24, Figures 4-9, column 2, line 46 to column 3, line 28, column 9, line 30 to column 10, line 11);

processing the claims data to determine a responsible provider for each episode of care (Spiro; see at least Abstract, Figure 1, Item 22, Figure 2, Items 22 and 24, Figures 4-9, column 2, line 46 to column 3, line 28, column 9, line 30 to column 10, line 11);

further processing the claims data to determine a total cost for each completed episode of care (Spiro; column 7, lines 24-55, column 9, line 30 to column 10, line 25);

comparing a total cost for each completed episode of care with a baseline value to obtain a savings for each completed episode of care (Spiro; column 2, lines 38-55, column 3, lines 11-21, column 8, line 36 to column 9, line 9), (Bitran; see at least page 13, paragraph 3 to page 15, paragraph 5, page 16, paragraph 4 to page 18, paragraph 3, page 24, paragraph 5, page 29, paragraph 2); and

determining an incentive for the responsible provider associated with each episode of care using the determined savings (Bitran; see at least page 13, paragraph 3 to page 15, paragraph 5, page 16, paragraph 4 to page 18, paragraph 3, page 24, paragraph 5, page 29, paragraph 2).

The motivations for combining the respective teachings of Spiro and Bitran are as given in the rejection of claim 1 above, and incorporated herein.

(H) As per claims 19-20, Spiro and Bitran teach a method as analyzed and disclosed in claim 18 above:

wherein the step of processing the claims data to determine the responsible provider includes, for each patient:

identifying a plurality of physicians who ordered procedures for the patient (Spiro; see at least Abstract, Figure 1, Item 22, Figure 2, Items 22 and 24, Figures 4-9, column 2, line 46 to column 3, line 28, column 9, line 30 to column 10, line 11);

identifying a defining procedure for the condition if the defining procedure exists (Spiro; column 5, lines 39-46, column 8, line 50 to column 11, line 5);

assigning as the responsible provider that physician who performed the defining procedure if the defining procedure exists (Spiro; column 5, lines 39-46, column 8, line 50 to column 11, line 5); and

if the defining procedure does not exist, then assigning as the responsible provider that physician who was responsible for incurring a predetermined percentage of costs for the episode of care (Spiro; column 5, lines 39-46, column 8, line 50 to column 11, line 5);

further including the step of checking whether the responsible provider also performed a termination procedure associated with the condition to verify the responsible provider designation (Spiro; column 4, line 29 to column 5, line 5, column 5, lines 20 to column 7, line 3).

(I) As per claims 21-24, Spiro and Bitran teach a method as analyzed and disclosed in claims 18 and 19 above:

wherein, if there was no provider responsible for the predetermined percentage of costs, then assigning as the responsible provider that provider who was responsible for incurring a second predetermined percentage of costs for the episode of care that is less than the

predetermined percentage of costs and was responsible for an initial diagnosis of the condition (Spiro; column 3, lines 39-45, column 4, line 29 to column 5, line 5, column 5, lines 20 to column 7, line 3, column 8, line 50 to column 11, line 5), (Bitran; page 30, paragraph 6 to page 31, paragraph 1, page 38, paragraphs 2-3);

wherein there is a predetermined percentage of costs (Spiro; column 3, lines 39-45, column 4, line 29 to column 5, line 5, column 5, lines 20 to column 7, line 3), (Bitran; page 21, paragraphs 1-5, page 24, paragraph 3, page 25, paragraph 3, page 34, paragraph 6 to page 35, paragraph 2, page 35, paragraph 6, to page 36, paragraph 1);

wherein, if there was no provider responsible for the predetermined percentage of costs, then assigning as the responsible provider that provider who was responsible for incurring a second predetermined percentage of costs for the episode of care that is less than the predetermined percentage of costs and was a physician specialist who was the first to bill the patient (Spiro; column 3, lines 39-45, column 4, line 29 to column 5, line 5, column 5, line 20 to column 7, line 3, column 8, line 50 to column 11, line 5), (Bitran; page 30, paragraph 6 to page 31, paragraph 1, page 38, paragraphs 2-3).

Although Spiro and Bitran fail to explicitly mention the predetermined percentages of 85% and 50%, it would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the method of automatically processing claims of Spiro and Bitran to include predetermined percentages such as 85% and 50% with the motivations of facilitating the allocation of funds among the providers based upon the percentage of the studies performed by the health care providers and of adjusting the funds paid to the providers based upon the number and types of studies provided by each imaging provider (Spiro; column 3, lines 39-45).

(J) As per claims 26-28, Spiro and Bitran teach a method as analyzed and disclosed in claims 18 and 19 above:

wherein the baseline value is pro-rata adjusted to take into account an actual length of the episode of care (Spiro; see at least Abstract, column 3, lines 1-45, column 2, line 56 to column 3, line 37, column 4, line 50 to column 5, line 4, column 5, lines 66 to column 6, line 8, column 8, line 8 to column 11, line 5);

wherein the actual length of the episode of care is compared with an average length for that type of episode of care to determine the pro rata adjustment (Spiro; column 8, line 50 to column 10, line 55);

wherein the incentive is determined to be zero if manipulation of the system for the benefit of the manipulators (reads on gaming) is detected (Bitran; page 37, paragraph 4);

(K) Claim 55 differs from method claim 1 by reciting "an apparatus for determining an amount of a monetary incentive to provide to a physician responsible for treatment decisions of a patient with a condition during an episode of care" in the preamble. As per this limitation, Spiro and Bitran clearly disclose their inventions to be implemented on a computer (reads on apparatus) (Spiro; column 9, lines 35-67, column 11, lines 17-42). The remainder of claim 55 repeats the limitations of claim 1, and is therefore rejected for the same reasons given above for claim 1.

The motivations for combining the respective teachings of Spiro and Bitran are as given in the rejection of claim 1 above, and incorporated herein.

8. Claims 17, 30 are rejected under 35 U.S.C. 103(a) as being unpatentable over Spiro, U.S. Patent Number 5, 819, 228 and Bitran, et al, Provider Incentives and Productive Efficiency in Government Health Services document, September, 1992. URL: <http://www.phrplus.org/Pubs/hfsmar1.pdf>, hereinafter known as Bitran as applied to claim 1 above, and further in view of Seare, U.S. Patent Number 5, 557, 514.

(A) As per claim 17, Spiro and Bitran teach a method as analyzed and disclosed in claim 1 above.

Spiro and Bitran fail to explicitly disclose a method wherein prior to the step of determining the baseline is the step of filtering to remove outlier episodes of care for the same condition to thereby establish the plurality of data relating to a plurality of previous episodes of care for the same condition.

However, the above features are well-known in the art, as evidenced by Seare.

In particular, Seare teaches a method including the step of filtering to remove outlier episodes of care (Seare; see at least Figure 14, column 4, lines 39-43, column 8, line 49 to column 9, line 20, column 12, lines 49-67, column 21, lines 37-43, column 24, lines 3-12).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the method of Spiro and Bitran to include the step of filtering to remove outlier episodes of care, as taught by Seare, with the motivations of analyzing historical medical provider billings to statistically establish a normative profile, enabling comparison of a medical provider's profile with a normative profile, creating an accurate model of the cost of a specific

medical episode based on historical treatment patterns and a fee schedule, enabling comparison of various treatment patterns for a particular diagnosis by treatment cost and patient outcome to determine the most cost-effective treatment approach, and identifying those medical providers who provide treatment that does not fall within the statistically established treatment patterns or profiles (Seare; Abstract).

(B) As per claim 30, Spiro, Bitran and Seare teach a method as analyzed and disclosed in claims 1 and 18 above wherein the incentive is determined to be zero if an outlier indicator is set (Seare; see at least Figure 14, column 4, lines 39-43, column 8, line 49 to column 9, line 20, column 12, lines 49-67, column 21, lines 37-43, column 24, lines 3-12).

9. Claim 25 is rejected under 35 U.S.C. 103(a) as being unpatentable over Spiro, U.S. Patent Number 5, 819, 228 and Bitran, et al, Provider Incentives and Productive Efficiency in Government Health Services document, September, 1992. URL: <http://www.phrplus.org/Pubs/hfsmar1.pdf>, hereinafter known as Bitran as applied to claim 18 above, and further in view of Cave, U.S. Patent Number 5, 970, 463.

(A) As per claim 25, Spiro and Bitran teach a method as analyzed and disclosed in claim 18 above.

Spiro and Bitran fail to explicitly disclose a method wherein the baseline value is adjusted for comorbidity.

However, the above features are well-known in the art, as evidenced by Cave.

In particular, Cave teaches a method wherein the comorbidity influences values (reads on baseline value is adjusted for comorbidity) (Cave; column 9, lines 35-41, column 19, lines 24-60, column 27, lines 1-6).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the method of Spiro and Bitran to include the step of wherein the baseline value is adjusted for comorbidity, as taught by Cave, with the motivations of assessing a health plan's true cost efficiency, assessing the overall costs of treatment of medical conditions, and allocation of medical costs to physicians to assess the efficiency of treatment by the physicians (Cave; column 3, lines 54-60).

10. Claim 29 is rejected under 35 U.S.C. 103(a) as being unpatentable over Spiro, U.S. Patent Number 5, 819, 228 and Bitran, et al, Provider Incentives and Productive Efficiency in Government Health Services document, September, 1992. URL: <http://www.phrplus.org/Pubs/hfsmar1.pdf>, hereinafter known as Bitran as applied to claim 18 above, and further in view of Official Notice.

(A) As per claim 29, Spiro and Bitran teach a method as analyzed and disclosed in claim 18 above.

Spiro and Bitran fail to explicitly disclose a method wherein the incentive is determined to be zero if the episode of care was for an emergency room procedure.

Examiner takes Official Notice that emergency rooms are hospital rooms or areas staffed and equipped for the reception and treatment of persons requiring immediate medical care which

are supplied by hospitals or clinics employing physicians who are salaried and whose performance efficiency is not related to receiving monetary incentives for desired results such as achieving cost efficiencies or reducing inappropriate utilization and/or studies.

As such, it is respectfully submitted that if the episode of care was for an emergency room procedure it would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the method of automatically processing claims to determine an incentive, of Spiro and Bitran, to include wherein the incentive is determined to be zero if the episode of care was for an emergency room procedure, with the motivation of directing the incentives to where they can produce the explicitly desired results (Spiro; column 3, lines 12-22).

Conclusion

11. The prior art made of record and not relied upon is considered pertinent to Applicant's disclosure. The cited but not applied references Spurgeon, U.S. Patent Number 5, 890, 129, Bagne, U.S. Patent Number 6,317, 700 and the articles teach the environment of physician incentives and calculations.

Spurgeon, U.S. Patent Number 5, 890, 129, teaches a system for exchanging health care insurance information.

Bagne, U.S. Patent Number 6,317, 700 teaches a computational method and system to perform empirical induction.

Patterson, J.A. Jr. Physician Compensation, Incentive Plans, and Tax Issues. Texas Health Law Conference 1997. [Retrieved on January 2, 2004]. Retrieved from Internet. URL: <http://www.texhealthlaw.org/Public/cle/patterson97.pdf>

Friedman, H.J. Greenberg Traurig Alert. Website Links May Create Tax for Exempt Orgs; Return Disclosure Rules for Private Foundations; Gainsharing Arrangements. August 1999. Greenberg Traurig website. [Retrieved on January 2, 2004]. Retrieved from Internet.URL: <http://www.gtlaw.com/pub/alerts/1999/friedman99f.htm>

Marsh, A.K. Sacrificing Patients For Profits: Physician Incentives To Limit Care And ERISA Fiduciary Duty. Washington Univ. Law Quarterly. Vol 77, No. 4. Winter 1999. [Retrieved on January 2, 2004]. Retrieved from Internet.URL: <http://law.wustl.edu/WULQ/77-4/index.html> & <http://law.wustl.edu/WULQ/77-4/774-1323.pdf>.

12. Any response to this action should be mailed to:

Commissioner of Patents and Trademarks
Washington D.C. 20231

or faxed to: **(703) 305-7687**.

For informal or draft communications, please label "PROPOSED" or "DRAFT" on the front page of the communication and do NOT sign the communication.

After Final communications should be labeled "Box AF."
Hand-delivered responses should be brought to Crystal Park 5, 2451 Crystal Drive, Arlington, VA, Seventh Floor (Receptionist).

13. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Natalie A. Pass whose telephone number is (703) 305-3980. The examiner can normally be reached on Monday through Thursday from 9:00 AM to 6:30 PM. The examiner can also be reached on alternate Fridays.

14. If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Joseph Thomas, can be reached at (703) 305-9588. Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the Receptionist whose telephone number is (703) 308-1113.

Natalie A. Pass

January 8, 2004

JOSEPH THOMAS
SUPERVISORY PATENT EXAMINER
TECHNOLOGY CENTER 3600